



TOR FOR CONSULTING
FOR
STREE NIDHI CREDIT COOPERATIVE FEDERATION
LTD.(SNCCFL)



16TH March 2022

National Institute for Smart Government

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1. Proposal Submission Details

Sl.no.	Description	Details
1.	Date of TOR Issuance	
2.	Date and time of Submission	
3.	Mode of Submission	E-mail To: (Shobha.kumari@niscg.org) copy to: murali.b@niscg.org
4.	Contact person for clarifications	Shobha Kumari (Shobha.kumari@niscg.org) 09560838839 Murali Krishna Bommireddy (murali.b@niscg.org) 09989095111
5.	Proposal to be addressed to	Mr. Rangarajan Vellamore, COO, NISG

2. Background

Stree Nidhi Credit Cooperative Federation Ltd.(SNCCFL), an apex society established jointly by State Government and Community to extend credit and other financial services to members of Self-Help Groups (SHG) in rural and urban areas in the state and commenced operations from 6th October 2011. There are about 56.25 lakh women organized in to 5.52 lakh Women SHGs. Of these 4.71 lakh SHGs are federated in to 19,257 Village Organizations (VO) in rural area which in turn are federated in to 554 Mandal Samakhyas (MS). Likewise, 0.81 lakh SHGs are federated in to 3081 Slum Level Federations (SLF) in urban area which are further federated into 87 Town Level Federations (TLF).

The objective of Stree Nidhi is to provide credit and other financial services to SHG members for taking up suitable livelihood activities for income generation and partly for consumption purposes. Stree Nidhi also accepts deposits from its members under different schemes by offering higher rate of interest as compared to banks. Risk coverage is also made available for Dairy animals financed and to SHG members aside providing business correspondent services on behalf of the banks to extend banking services in unbanked areas.

The resources of Stree Nidhi comprise of share capital, grants from the State Government, share capital contribution from MS and TLF, loans from Banks/institutions and deposits from SHGs and their federations.

As on 31/03/2020, total business (Loans+ Deposits) of Stree Nidhi was Rs.4047crore.

3. IT initiatives of Stree Nidhi

Stree Nidhi has an automated IT system that has been functional for the last 10 years. The system is dated and therefore requires revamping of both software and hardware as certain operational issues are emerging. The volume of transactions is also expanding. The department plans to have a new IT solution keeping in view its needs for the next 5-10 years, to have a robust IT system to support expanding operations of the institution. The areas of work to be attended to, are specified in the “Scope of work” section of this document.

4. Context of the Terms of Reference

NISG is helping Stree Nidhi in its IT modernization initiatives. To achieve the above objective, NISG seeks both technical and functional expertise in credit cooperative domain to study and recommend a new solution. NISG releases these terms of reference to identify a consulting organization that can help achieve the stated objectives.

5. Objectives of the Assignment

The objectives of the assignment are as follows:

1. To help Stree Nidhi create an integrated IT system which has seamless and real time updation of all operational metrics speedily.
2. To help Stree Nidhi create a system which works on the principles of single source of truth and least manual intervention to save man-hours spent on reconciliations and data correction
3. To help Stree Nidhi create capabilities for analytics on performances of various stakeholders, products etc., with the objective credit expansion and improvement in their NPA management.

6. Scope of Work

Project Scope

- ✚ Geographical Scope
- ✚ Functional Scope
- ✚ Activity Scope

- a) **Geographical Scope:** The geographical scope of the study is limited to the city of Hyderabad. However, if there is any need for study of IT systems and processes in any other place outside Hyderabad, the same shall be facilitated by NISG, at its cost.
- b) **Functional Scope:** NISG shall study the following functional modules and recommend IT interventions and process reengineering, where applicable. The functional scope does not entail management interventions like Credit Policies, NPA classifications and provisioning, frameworks for Institutional performance monitoring and HR processes and requirements.

I. Loan management and accounting

Different loans products are offered to SHG members through SHG, and loan requests are originated through Tablet PCs provided to VO / SLF/ Field Staff. After identity of SHG members/ leaders is established, loan requests pass through certain built-in loan eligibility validations like overdue status in banks, Stree Nidhi NPA and Samruddhi deposits electronically and disbursed after appraisal of loans by the field /HO staff.

All loans sanctioned are aggregated bank wise and then funds are transferred to SB accounts of SHGs concerned through Electronic Fund Management System (eFMS) for disbursement to members by SHGs. Presently, the loan documents are physically executed by SHGs.

A system for generation of loan accounts, EMIs, DCB, NPA classification is in place. Amounts repaid by SHGs are credited by transferring to designated Bank account of Stree Nidhi. Stree Nidhi then credits the amount to loan accounts of SHG, after identifying the remitter.

- i Loan products
 - a Product creation along with process for approval
 - b Integration of Organisation policies pertaining to loans and deposits
 - c Integration of Key variables in the products.
- ii Loan Requests & Approval Process

Critical processes to be studied as part of this step are

- a Loan Request: Process of creating a loan request
 - b Loan Request Validation: This is done basis certain rules basis policies created in the system. The Validation factors are at the level of VO, SHG & Members.
 - c Authentication of Member: Member identity authentication of the member and dependencies on external system like Aadhar etc.
 - d Credit Rating / Grading on an annual basis:
 - ✦ Policy for Grading of VOs /SLF and Parameters used for grading
 - ✦ Measurability of the parameters
 - ✦ Migration of data from SERP/MEPMA
 - e. Credit Limit: Process of defining credit limits at VO / SLF/SHG and member level.
- iii Loan documentation
- Creation and storage of loan information pertaining to Loan approval, disbursement, loan agreements/documents and Loan account closure.
 - Digitisation of documents and storage of physical documents.
- iv Loan disbursement and Creation of Loan account: Loan disbursement process handshake with the EFMS and process of creation of Loan account and the approving authorities leading to the credit of Loan into SHG/Individual account maintained with banks.
- v Loan interest calculation:
- ✓ Policy notes for Interest rate calculation.
 - ✓ DCB generation and Interest amount inclusion in the DCB.
- vi Loan repayment
- ✦ EMI generation and Initiation of the instalment
 - ✦ Flow of information to VO/SLFs /SHGs.
 - ✦ Repayment options (eg: through Bank branch, Payments Banks, CSPs, BBPS etc)
 - ✦ Flow of repayment information for loan accounting.
 - ✦ Loan accounting process for recognising the repayment.
 - ✦ Member wise adjustment of repaid amount
- vii Loan classification
- ✦ Evaluation parameters of all loans for classifying as NPA

- ✦ Policy / guidelines on all outstanding loans part due.

viii Loan account closure and pre closure.

- ✦ Process flow and for account closures.
- ✦ Process for reversal of loans not tagged properly.
- ✦ Policy / guidelines on account closure and loan reversal.

II. Fund Management System:

Following are the subcomponents that needs study

Stree Nidhi accepts deposits from SHGs, VOs/ SLFs, Mandal Samakhya/ TLF and Zilla Samkhya under different schemes. There is a system to calculate interest on monthly/quarterly and make interest payments regularly. Mandal Samakhyas / TLFs contribute to the share capital of Stree Nidhi. Stree Nidhi borrows funds from Banks/Financial institutions for the purpose of lending to SHGs.

- Deposits flow from SHGs, VO/SLF, TLF/MS/ZS
- Calculation of interest on deposits and payment thereof
- Accounting of flow of borrowings from Banks / Institutions and interest
- Process of disbursing loans through Banking system
- Process of loan repayment done by SHGs through various Banks.
- Integration of information flow from Banks to Stree Nidhi systems

III. Accounting Module

The Accounting module will be considered only for the given below processes.

- Accounting of Interest on loans and deposits
- Provision for bad debts / NPAs.
- Interest margin/Incentive calculations for all concerned in the Loan disbursement and recovery

IV. Reconciliation

As the disbursements and loan repayments are done through bank accounts of SHGs in huge number, an automated reconciliation mechanism is in place. Other accounts are also reconciled on a periodical basis.

- Processing the fund receipts from Bank
- Automated Reconciliation Process
- Reconciliation of Unadjusted payments
- Unknown VO ID reconciliation process

- v. Unidentified payment reconciliation process
- vi. Recalculation of credit limit due to repayment
- vii. Rollback of entries

V. Risk Mitigation

Mitigation relating to Loan products

Stree Nidhi offers insurance for cattle, Tablet PCs through tie up with insurance companies. Further, SHG members are provided risk coverage under “Suraksha” scheme where loan amount insured is paid to legal heirs after deducting outstanding loan balance. Likewise, life coverage is also provided to all SHG members through a separate scheme for Rs 1.00 lakh. The relevant module is in place to maintain the data of covered cattle, SHG members, premium paid, claim information pendency status, settlement etc.

- i. Process of paying risk fee
- ii. Maintain insurance cover data on cattle, SHG Members, Premiums, claims and settlement information.

VI. Admin

Stree Nidhi currently uses a HRMS application for leave, travel, and other admin requirements. The study will facilitate seamless flow of information to and from the proposed system to the given below points.

- i. Tracking of information of Staff visits to, ZS, MS, VO, SHG, SLF, TLF.
- ii. Process involved in generating attendance and work done module
- iii. Process of capturing Field visit logs and integration with TA/DA module of the current HRMS for payments.

VII. Financial Inclusion:

Stree Nidhi extends banking services through Business Correspondents services based on agreement with banks. Though there is no specific module for this, MIS is made available through reports of VLE details, VLE transactions etc., based on information provided by the banks concerned. Capture of information for calculating the commissions earned by VLEs and Stree Nidhi.

VIII. Management Information System

STREE NIDHI has created certain reports for overall review and governance of its business process.

As part of the study reports with following functionalities will be studied

- i. This module provides reports relating to Loans sanctioned, disbursed, DCB, NPA, Deposits, interest etc., geographically, staff wise and product wise for all types of operations enlisted earlier.
- ii. Reports relating to lending, collecting deposits, insurance, BC and accounting
- iii. Performance of SHGs, VOs, MS, ZS, SLF, TLF in terms of lending, collection, penetration of insurance services and FI. The typical variables will be Loan request, loan disbursements, repayment, outstanding, NPS / Overdue and other qualitative factors.

IX. Institutional Monitoring:

STREE NIDHI has a mechanism to monitor the performances of SHGs/ VOs / MS / ZS / SLF / TLF and eventually grade them. Currently, only VOs are graded. Following are key pointers.

- i. Basis the grading periodicity provide information on the performance of the above institutions.
- ii. Data collation for the parameters, tracking the parameters of grading and eventually reports generated pertaining to Grading.
- iii. Data monitoring and reports generated

X. Mana Stree Nidhi application

- i. This is an android based application which can be downloaded in registered Smart mobiles of SHG members to access the details of loans availed by members, DCB position, EMI payable, their deposits etc.
- ii. Types of access- All 60L stakeholders of Stree Nidhi are given different types of access to this app Stores information regarding the below 3 modules:

- EFMS
- Accounting
- Approval and authentication

2 types of roles:

- SHG leader role- edit access

- SHG member role- only mobile number edit access, other view access

Roles hierarchy

- MD
- DGM (Approval) (Head office)
- ZM/AGM (3-4 districts together, no approving done, purely monitoring role)
- RM/CM (only 1 district, posted at head office, approving authority)
- SM (only one district- recently formed, posted at high volume areas)
- Manager
- AM (one per 2 to 3 mandals, some cases same roles as manager)
- VO/SLF

XI. Human Resource management

Currently, the entire HRMS is being managed through a separate system. The study will provide recommendations for integrating the current system to ensure seamless flow of information in the proposed IT system.

XII. Grievance addressal

Currently, a ticketing system is used for redressal of grievances /queries/ issues/requests.

XIII. Social audit

Social audit is conducted as a tool for governance of the entire business process. The Staff, SHGs /VOs / SLF /TLF /MS /ZS are part of the audit and the required compliance to be followed basis their policies are checked.

XIV. Training

The Training conducted for the staff / SHG /VOs / MS /ZS/ SLF / TLF are tracked outside the system. The current system will provide visibility for tracking the training programs.

XV. Asset Tracking

STREE NIDHI has a process for tracking all their assets including the device given to VOs/ MS/ZS/SLF. Apart from the devices the other assets are tracked and proposed to be bought under the IT system.

c) Activity Scope:

The activity scope of the assignment includes but not limited to the following:

General:

- 1) Critically review the present IT ecosystem framework and evaluate same in terms of requirements of re-engineering and future needs for next ten years.
- 2) Assess regulatory, risk and technology trends and suggest re-engineering framework for adoption of appropriate and safe technology.
- 3) Review the current contract clauses with Technology Service Provider and suggest suitable modifications/ additions to protect the interest of Stree Nidhi.
- 4) Suggest mechanism/method for data privacy.
- 5) Suggest ways for generation of MIS by in-house team without recourse to TSP, except certain reports on key parameters, as indicated by Stree Nidhi.

Software related:

- 1) Study the present software environment / platforms used for operations and suggest appropriate measures to introduce a common application for all functional modules with common data source to ensure smooth flow and speed up processing for seamless functioning and efficiencies.
- 2) Study the present technology / software deployed in field devices and suggest appropriate upgrading / scaling technology to meet the future requirements.
- 3) Study the existing user roles and suggest meeting the standards.
- 4) Study the system of MIS generation and suggest framework to have consistency and accuracy across all reports. Suggest appropriate reporting tool to generate required MIS from data base without intervention of TSP.
- 5) Study existing eFMS Model and suggest for Management at Stree Nidhi level.
- 6) Prepare Solution Architecture, Hardware sizing, Bill of Material and costing for the complete project
- 7) Plug and play system for integration of APIs with any other line departments or other entities. (E.g.: Sourcing of data from SERP, MEPMA, UIDAI, Banks etc.)

- 8) Suggest appropriate module of referring problems / issues noticed in software modules, escalation and resolution mechanism, timelines, accountability, and penalties as per industry standards.

Hardware related:

- 1) Study the existing hardware setup, issues and suggest appropriate hardware model, configurations, costs involved etc., keeping in view of future requirements of Stree Nidhi.
- 2) Suggest mechanism to restricting data access to service provider to avoid data manipulation/ modification without permission of Stree Nidhi.
- 3) Suggest an appropriate architecture to access data from H.O Stree Nidhi through a secured connection.
- 4) Study the present hardware deployed in field and suggest appropriate upgrading / scaling to meet the future requirements.
- 5) Suggest appropriate environment with advantages for placing hardware such as cloud or having own data center etc.
- 6) Suggest appropriate Information Security & Security Audit policy.
- 7) Suggest appropriate DR setup to ensure business continuity.

IT manpower:

- 1) Study the existing IT resource / manpower provided to TSP and suggest appropriate requirements in post re-engineering scenario.
- 2) Suggest human resources for development and maintenance of software database, generation of required MIS at Stree Nidhi level.

Deliverables

- 1) To-Be Report
- 2) Functional Requirement Specification (FRS)
- 3) Detailed Project Report (Including Solution Architecture, Hardware sizing, Bill of Material and costing for the complete project)

During the assignment, the consultant organization shall need to continuously interact with the other consultants of NISG so that there is a clear and seamless flow of information within the team.

7. Engagement Period and Terms

1. This engagement is expected to be for a period of 3 months from As-Is study to delivery of To-Be report, FRS and DPR. This is the agreed period with the client. Any delay by the consultant on the submission of deliverables will be at their own cost.
2. The solution shall be discussed with NISG and the client in prior, present the same through power point presentations, obtain an approval on the same and then document the deliverable.
3. Between the period of submission of the deliverable and its acceptance, the client may seek various clarifications and these clarifications need to be answered and the reports modified accordingly.
4. Presentations may need to be made on the above-mentioned deliverable and all meetings shall be attended.
5. Though the project expects two resources to be proposed for the project who needs to be resident at the client side, the consultant organization shall also take the responsibility of the deliverables.

8. Payment Schedule

The Consultant organization will receive payments as per the following schedule, upon approval of the same, by the client:

Sl.no.	Payment Milestones	Payment Percentage of the total quote
1.	On approval of To-Be Report	25%
2.	On approval of FRS	35%
3.	On approval of DPR	40%

9. Bid Submission

1. The bid shall be submitted in a single document under two parts – Technical and Commercial.
2. The technical bid shall not exceed ten (10) pages, containing the experience of the organization in indirect taxation domain and profiles of the consultants to be deployed for the assignment. The profiles shall be submitted only in the format prescribed in the Annexure – I.
3. The bid shall be submitted within 1 week from the date of notification of this Terms of Reference on NISG's website (Till 23rd March 2022).
4. The Commercial bid shall contain the financial quote in the format provided below. The commercial quote shall be inclusive of all OPEs (like travel, boarding, lodging, in-city travel etc.).

Cost Item	Amount (In INR)
Total Cost for the assignment (A)	
All Taxes (B)	
Total Commercial Quote (Inclusive of all taxes (A+B))	

The proposal shall be signed by an authorised signatory of the consultant organization.

10. Bid Evaluation

Technical Bid – The technical bid shall be evaluated based on the below mentioned criteria:

Sl.no.	Evaluation Criteria	Score
1	<p>Experience of the organization in credit cooperatives, banking and finance related Domain</p> <p>Experience in credit cooperative domain. These projects should be relevant to the functional scope specified in Section 6.</p> <ul style="list-style-type: none">➤ One (01) project of credit cooperative organisation (10 marks)➤ Two (02) projects of credit cooperative organisation - (20 marks)➤ More than Two (>2) projects of credit cooperative organisation – (30 marks)	30
2	<p>Profile of Resources proposed for the assignment</p> <p>(The project is for 3 months and requires (2) two techno-functional consultants. NISG shall evaluate the 2 resumes of the proposed resources based on the relevance of the profile to the credit cooperative domain. Both the resources shall have a minimum of 10 years' experience. As part of the proposal, the consultant organization can submit a maximum of 4 resumes out of which NISG shall select the best two resources for the project).</p>	70
Total Technical Score		100

Only bidders who score above the total technical score of 70 (seventy) or more will be further evaluated. Commercial bid of those who do not technically qualify shall not be considered for QCBS evaluation. NISG may talk to the proposed consultants to assess their competency, both functional and technical.

Commercial Bid –

- (i) The bid with the lowest bid price (L1) will be assigned 100%.
- (ii) Commercial Scores for other bids will be normalized using the following formula:
$$\text{Normalized Commercial Score of a Bid (Fn)} = \left\{ \frac{\text{Commercial Bid price of L1}}{\text{Commercial bid price of the Bid}} \times 100 \right\} \% \text{(adjusted to 2 decimals)}$$

Final Evaluation –

The weightage for the final evaluation is as described below:

(i) Technical – 70%

(ii) Commercial – 30%

In other words, the bid would be awarded in favour of most competitive bidder by adopting the 70:30 weightages to technical and commercial scores respectively after duly normalizing the technical & commercial scores.

The final score will be calculated as follows: -

$$B_n = 0.70 * T + 0.30 * F_n$$

Where

B_n = Final score of the bidder

T = Technical score of the bidder

F_n = Normalized financial score of the bidder

The Bidder with the highest final score will be called as the Best Value Bid. In case of a tie in the final score the bidder with higher Technical Score will be considered for award of the assignment.

NISG reserves the right to withdraw or cancel or modify the Terms of Reference at any point of time.

11. ANNEXURE – I

FORMAT FOR CURRICULUM VITAE (CV):

Position Title and No.	Techno-Functional Consultant with Credit Cooperatives domain experience. (2 resources)
Name of Expert:	
Date of Birth:	
Country of Citizenship/Residence	
<u>Education</u>	
 <u>Certifications</u>	

Employment record relevant to the assignment:

Period	Employing organization and your title/position. Contact information for references	Country	Summary of activities performed relevant to the Assignment

Adequacy for the Assignment:

Detailed Tasks Assigned on Consultant's Team of Experts:	Reference to Prior Work/Assignments that Best Illustrates Capability to Handle the Assigned Tasks
BPR Report	

Expert's contact information:

Name:

Address:

e-mail:

Phone:

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes myself, my qualifications, and my experience, and I am available to undertake the assignment in

case of an award. I understand that any misstatement or misrepresentation described herein may lead to my disqualification or dismissal by the Client, and/or sanctions by the Bank.

Name of Expert

Signature

{YY/MM/YYYY}

-----END OF THE DOCUMENT-----